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C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 001514

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E.O. 12958: DECL: 08/20/2017
TAGS: [PREL](#) [ENRG](#) [PARM](#) [IN](#) [UZ](#)
SUBJECT: INDIANS ASK ABOUT URANIUM

Classified By: CDA Brad Hanson for reasons 1.4 (b) and (d).

Action Request - Para 4.

¶1. (C) Charge met with Indian Ambassador Skand Ranjan Tayal at the latter's request August 17 to discuss potential supplies of uranium to India. Tayal mentioned the Government of Uzbekistan (GOU) in 2004 had discussed selling uranium yellow cake to India, but nothing had come of these discussions. Tayal cited several provisions of the completed U.S.-India nuclear cooperation agreement in which the United States agrees to assist India in obtaining reliable and uninterrupted access to uranium fuel supplies for its civil nuclear sector. He handed Charge a nonpaper noting that U.S.-based NUKEM, Inc. has had exclusive rights to market Uzbek uranium internationally since 1992, an arrangement that will last until at least 2013. (Note: NUKEM has exclusive rights through 2013 to sell uranium mined only at the Navoi site. End note.) Tayal stated he had not discussed possible uranium sales with the GOU, but rather was doing research. The nonpaper (text below) seeks information regarding the terms of NUKEM's agreement with the GOU and whether recent deals reported in the press between the GOU and Japan and South Korea involve NUKEM.

¶2. (C) Charge responded NUKEM, under contract with the GOU, has been the exclusive marketing agent for Uzbekistan's uranium abroad. However, Charge added he understood in recent months the GOU and NUKEM have been discussing changing their agreement to allow other marketing agents. Tayal commented that it is a seller's market for uranium these days with world prices so high. Asked where India bought most of its uranium now, Tayal responded Russia, France, and, in the past, China. He added India had a couple small indigenous sources of uranium it was working hard to exploit. Charge said he would bring Tayal's request for information to the Department, but that much of what the Indians are asking for is business privileged information for which Post would need authorization to share.

¶3. (C) Comment: We find it interesting that the Indians are citing provisions of the U.S.-India agreement despite the fact that neither country's legislature has yet ratified the agreement. Tayal mentioned as an aside that the agreement has run into a little trouble in the Indian Parliament because the Communist Party has chosen to make it a "political issue." Although never saying so directly, Tayal implied several times that India is thirsty for a dependable supply of uranium, leading us to suspect that India may have tasked its embassies in uranium producing countries to look into potential supply sources. Post has, or could likely easily get, all of the information Tayal asked for, as NUKEM's Tashkent representative usually is willing to talk to us. We are hesitant to pass this information to the Indians, however, without NUKEM's consent since some of it may be

considered business privileged information. Our inclination is to suggest to Tayal that the Indian Embassy talk to NUKEM directly.

¶4. (C) Action Request: Post requests Department's guidance on how forthcoming/activist we should be in responding to the Indian Ambassador's request, given the recently concluded, but not yet ratified, bilateral agreement on civilian nuclear energy cooperation.

¶5. (SBU) Begin text of nonpaper:

1) Since 1992, the American company NUKEM Inc. has had exclusive rights for the international marketing of uranium produced at the Novoi Mining and Metal Combine plant (NMMC).

2) This agreement was reportedly extended in the year 2004 up to 2006 and was further extended in 2006 until 2013.

3) Uzbekistan has reportedly signed an agreement in September 2006 with ROK for the supply of 300 tonnes of uranium ore concentrate annually to South Korea for the period 2010-2014.

4) Uzbekistan has reportedly signed an agreement with Japan for supply of 30 tonnes of low enriched uranium via trading company Itochy Corp.

The following questions arise:

i. What are the provisions of the latest agreement between NUKEM Inc. and Uzbekistan?

ii. Whether NUKEM still has exclusive rights to market Uzbek uranium would wide (sic)? If yes, is there any limit about

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annual quantity commitment to NUKEM?

iii. Is Uzbek uranium being supplied to Japan and ROK directly by NMMC or through NUKEM?

iv. Will NUKEM have any claim on uranium produced from new Uzbek mines which might operate in the future?

End Text.

HANSON